

30 March 1960

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## IRAN

I. Relations with USSR still at impasse, and Soviet vilification of Shah and his regime continues in daily broadcasts beamed to Iran.

A. USSR continues to insist that Shah agree to ban foreign military bases of all types in Iran before "normal" relations can be resumed.

1. But Shah refuses to go beyond his standing offer to guarantee against bases for long- and medium-range missiles.

B. Shah is, however, willing to make effort to break deadlock,

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II. While Shah worried about relations with USSR, he seems to feel relationships with other countries going about as well as could be expected.

A. Relations continue strained with Iraq (mainly over Shatt-al-Arab) and Afghanistan (mainly over division of Helmand waters) but these situations are more chronic than acute.

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III. Shah also believes things are going fairly well for his regime internally.

A. Shah is now hopefully expecting an heir to the throne.

NOTE: One recent Soviet propaganda attack suggested Shah was not the father of child expected by Queen.

B. Shah in mid-March succeeded in forcing Majlis to pass a land-reform bill over the objections of landlords and believes (though this may be wishful thinking) this bill will broaden support for the monarchy.

C. Shah expects to make Majlis more responsive to his will by judicious purging of deputies and selection of new candidates prior to elections this spring. (Term of present Majlis ends in June.)

IV. Actually, however, prospects for stability of Shah's regime have not improved.

A. Considerable dissatisfaction continues over Shah's dictatorial role, lack of improvements for lower classes, and corruption in government.

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